

04-CR-00429-REQ

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CLERK U.S. DISTRICT COURT
BY WESTERN DISTRICT OF WASHINGTON DEPUTY

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

PAUL D. BEKINS,

Defendant.

NO.

PLEA AGREEMENT

The United States of America, by and through Mark N. Bartlett, Acting United States Attorney for the Western District of Washington, and Robert Westinghouse and Annette L. Hayes, Assistant United States Attorneys for said District, and Defendant, PAUL D. BEKINS, and his attorneys, Dan R. Dubitzky and Darrell D. Hallett, enter into the following Plea Agreement, pursuant to Federal Rule of Criminal Procedure 11(c):

1. Waiver of Indictment. Defendant, having been advised of the right to be charged by Indictment, agrees to waive that right and enter a plea of guilty to a charge brought by the United States Attorney in an Information.

2. The Charge. Defendant, having been advised of the right to have this matter tried before a jury, agrees to waive that right and enter a plea of guilty to filing a materially false United States income tax return, as charged in Count One of the Information, in violation of Title 26, United States Code, Section 7206(1). By entering this plea of guilty, Defendant hereby waives all objections to the form of the charging document.

3. The Penalties. Defendant understands and acknowledges that the statutory

1 penalties for the offense of filing a materially false United States income tax return are as
2 follows: imprisonment for up to three (3) years, a fine of up to \$250,000, a period of
3 supervision following release from prison of up to one (1) year, a one hundred dollar
4 (\$100) penalty assessment, and the costs of prosecution. If Defendant receives a sentence
5 of probation, the probationary period could be up to five (5) years. Defendant agrees that
6 the penalty assessment shall be paid at or before the time of sentencing.

7 4. Elements of the Offense. The elements of the offense of filing a materially
8 false United States income tax return, as charged in Count One of the Information, are as
9 follows:

- 10 a. First, the defendant made and signed a tax return that he knew
11 contained false information as to a material matter;
12 b. Second, the return contained a written declaration that it was being
13 signed subject to the penalties of perjury; and
14 c. Third, in filing the false tax return, the defendant acted willfully.

15 5. Rights Waived by Pleading Guilty. Defendant understands that, by pleading
16 guilty, he knowingly and voluntarily waives the following rights:

- 17 a. The right to plead not guilty, and to persist in a plea of not guilty;
18 b. The right to a speedy and public trial before a jury of Defendant's
19 peers;
20 c. The right to the effective assistance of counsel at trial, including, if
21 Defendant could not afford an attorney, the right to have the Court appoint one for
22 Defendant;
23 d. The right to be presumed innocent until guilt has been established at
24 trial, beyond a reasonable doubt;
25 e. The right to confront and cross-examine witnesses against Defendant
26 at trial;
27 f. The right to compel or subpoena witnesses to appear on Defendant's
28 behalf at trial;

1 g. The right to testify or to remain silent at trial, at which trial such
2 silence could not be used against Defendant;

3 h. The right to appeal a finding of guilt or any pretrial rulings; and

4 i. The right, to the extent required by law, to have sentencing factors
5 charged in the Information or determined by a jury beyond a reasonable doubt.

6 6. United States Sentencing Guidelines. Defendant understands and
7 acknowledges that, absent applicable intervening law:

8 a. The United States Sentencing Guidelines (hereinafter "Sentencing
9 Guidelines" or "USSG"), promulgated by the United States Sentencing Commission, are
10 applicable to this case;

11 b. The Court will determine Defendant's applicable Sentencing
12 Guidelines range at the time of sentencing;

13 c. The Court may impose any sentence authorized by law, including a
14 sentence that, under some circumstances, departs from any applicable Sentencing
15 Guidelines range up to the maximum term authorized by law;

16 d. The Court is not bound by any recommendation regarding the
17 sentence to be imposed, or by any calculation or estimation of the Sentencing Guidelines
18 range offered by the parties, or by the United States Probation Department; and

19 e. Defendant may not withdraw a guilty plea solely because of the
20 sentence imposed by the Court.

21 7. Ultimate Sentence. Defendant acknowledges that no one has promised or
22 guaranteed what sentence the Court will impose.

23 8. Statement of Facts. The parties agree on the following facts in support of
24 Defendant's guilty plea and sentencing. Defendant admits he is guilty of the charged

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1 offense and expressly waives any right to have these facts determined by a jury beyond a
2 reasonable doubt.

3 Introduction

4 a. At all times material to this Plea Agreement:

5 i. PAUL D. BEKINS was a resident of Seattle, Washington, and
6 was the President/Treasurer/Chief Executive Officer and majority shareholder of Bekins
7 Moving and Storage Inc. (hereinafter "Bekins Moving and Storage"), a Washington
8 corporation. PAUL D. BEKINS also was the Treasurer and the sole shareholder (with his
9 wife) of Bekins Resources, Ltd. (hereinafter "Bekins"), a Washington corporation.

10 ii. Tower Organization of Worldwide Executive Resources
11 (hereinafter "Tower"), was incorporated in the Turks and Caicos Islands, British West
12 Indies, and operated primarily by Paul D. Harris and Lester R. Retherford. Tower created
13 International Business Corporations (hereinafter "IBCs"), that did not have any
14 independent economic reality or represent ongoing businesses, but in whose names bank
15 accounts and securities trading accounts were opened in the United States, the Turks and
16 Caicos Islands, and elsewhere. Tower thereafter invited individuals, including PAUL D.
17 BEKINS, to join the organization for a fee of \$50,000. Tower members were then allowed
18 to attend Tower seminars and utilize the IBCs to evade paying income taxes. In particular,
19 PAUL D. BEKINS utilized schemes -- as set forth in this Plea Agreement -- that were
20 devised by Paul D. Harris, Lester R. Retherford, and Robert Bedford to send millions of
21 dollars of unreported income through Tower and its related entities to PAUL D. BEKINS'
22 domestic and offshore bank accounts.

23 iii. ITM Management (hereinafter "ITM") was an IBC
24 incorporated in the Bahamas. ITM was established by Tower to assist Tower members in
25 evading federal income taxes.

26 iv. Five Flags Global Services (hereinafter "Five Flags") was an
27 IBC incorporated in the Turks and Caicos Islands, British West Indies. Five Flags was
28 established by Tower to assist Tower members in evading federal income taxes.

1 v. Pearl Rim, Ltd. (hereinafter "Pearl Rim") was an IBC
2 incorporated in the Turks and Caicos Islands, British West Indies, and was controlled by
3 PAUL D. BEKINS. All bank accounts under the name of Pearl Rim located in the United
4 States and foreign countries, including Turks and Caicos Islands, Gibraltar, Mexico, and
5 elsewhere, are controlled by PAUL D. BEKINS.

6 vi. Starboard Reef, Ltd. (hereinafter "Starboard Reef") was an
7 IBC incorporated in the Turks and Caicos Islands, British West Indies, and was controlled
8 by Russell J. Brown, a member of Tower and a resident of Jackson, Wyoming.

9 vii. Caviada, Ltd. (hereinafter "Caviada") was a corporation
10 incorporated in the State of Wyoming and controlled by Russell J. Brown.

11 Summary

12 b. In order to evade paying the full amount of tax due and owing the
13 United States for tax years 1998 and 1999, PAUL D. BEKINS intentionally failed to
14 report the full amount realized from the sale of certain Bekins Moving and Storage assets,
15 diverted the non-reported amounts to companies incorporated overseas, repatriated some
16 of those funds as "loans" to himself or his corporation, and deducted the fictitious interest
17 paid on these loans. PAUL D. BEKINS also repatriated additional amounts as the
18 purchase price of a warehouse which Bekins Moving and Storage then leased back from
19 the purchaser and deducted the "lease" payments. PAUL D. BEKINS also caused his
20 corporation, Bekins Moving and Storage, to file false U.S. Corporate Income Tax Returns
21 for the tax years 1998 and 1999, based on the same transactions set forth in greater detail
22 herein. In addition, PAUL D. BEKINS caused his corporation, Bekins, to file false U.S.
23 Corporate Income Tax Returns for the tax years 1998 and 1999, based on the fictitious
24 ITM management fees set forth in greater detail herein. In summary, PAUL D. BEKINS
25 admits that:

26 i. For the tax years 1998 and 1999, he knowingly filed false
27 federal income tax returns; and that he realized ordinary taxable income of approximately
28 \$2,652,617 during 1998, and \$1,079,224 during 1999, which amounts were not reported as

1 required by law.

2 ii. For the tax year 1999, he claimed false itemized deductions
3 totaling approximately \$59,519.

4 iii. He owes additional income taxes of approximately \$1,056,484
5 for 1998 and \$338,067 for 1999, for the unreported income he received and false expenses
6 he deducted.

7 iv. Bekius owes additional income taxes of approximately
8 \$52,283 for 1998, and \$7,607 for 1999, for the false business expenses that Bekius
9 deducted.

10 Sale of the Bekins Record Storage Business

11 c. On June 2, 1998, PAUL D. BEKINS authorized the sale of Bekins
12 Moving and Storage's record storage business to Iron Mountain Records Management,
13 Inc. for \$9,000,000.

14 d. PAUL D. BEKINS caused Bekins Moving and Storage to enter into
15 an option agreement with Starboard Reef that purported to give Russell J. Brown the right
16 to purchase the Bekins Moving and Storage records storage business at a set price, and
17 provided that if Bekins Moving and Storage did not do so, it would pay a pre-defined fee
18 to Russell J. Brown. PAUL D. BEKINS knew that Russell J. Brown had no intention of
19 purchasing and owning the records storage business. Instead, PAUL D. BEKINS used the
20 option agreement as a vehicle to evade federal income taxes on approximately \$2,500,000.
21 In particular, the option agreement created the impression that Bekins Moving and Storage
22 paid Russell J. Brown \$2,500,000 because it failed to sell the business to him at the agreed
23 price, when in fact, Brown was simply using the agreement to funnel these funds through
24 Starboard Reef to an offshore account controlled by PAUL D. BEKINS.

25 e. Thereafter, PAUL D. BEKINS caused the creation of a fictitious
26 settlement statement which reported a sale price of only \$6,500,000, which false amount
27 was used in the preparation of the Bekins Moving and Storage tax return.

28 f. PAUL D. BEKINS caused only the net proceeds of the reported

1 \$6,500,000 sale to be deposited to the Bekins Moving and Storage bank account while
2 directing that \$2,448,739.73 be diverted to a Starboard Reef account owned by Russell J.
3 Brown on or about June 2, 1998.

4 g. On June 12, 1998, at the request of PAUL D. BEKINS, Russell J.
5 Brown directed the transfer of \$2,446,239.73 from his Starboard Reef account to a Pearl
6 Rim bank account controlled by PAUL D. BEKINS.

7 h. On various dates in 1998, PAUL D. BEKINS caused funds from his
8 Pearl Rim bank account to be transferred to a Five Flags account as follows:

- 9 i. June 16, 1998 - \$925,000
- 10 ii. July 14, 1998 - \$725,000
- 11 iii. September 25, 1998 - \$200,000
- 12 iv. December 7, 1998 - \$450,000

13 i. On various dates in 1998, PAUL D. BEKINS caused funds to be
14 transferred from the Five Flags account to PAUL D. BEKINS for his personal use, and to
15 Bekins Moving and Storage, which transfers were fictitiously characterized as loans, as
16 follows:

- 17 i. June 24, 1998 - \$895,000 "loan" to PAUL D. BEKINS
- 18 ii. July 30, 1998 - \$300,000 "loan" to Bekins Moving and Storage
- 19 iii. July 31, 1998 - \$405,000 "loan" to PAUL D. BEKINS
- 20 iv. October 8, 1998 - \$250,000 "loan" to PAUL D. BEKINS

21 j. As a result, PAUL D. BEKINS under reported his taxable income by
22 \$2,448,739.73 for the tax year 1998.

23 Sale of the Tacoma Warehouse

24 k. From on or about December 1998, through on or about
25 March 1999, PAUL D. BEKINS caused \$733,750 to be transferred from his Pearl Rim
26 bank account through a Five Flags bank account to a Caviada bank account owned by
27 Russell J. Brown.

28 l. On or about December 1998, PAUL D. BEKINS and Russell J.
Brown agreed that Caviada would use the above amount, as well as additional funds
provided by PAUL D. BEKINS, to "purchase" a warehouse in Tacoma, Washington
(hereinafter "the Tacoma warehouse"), owned and operated by Bekins Moving and

1 Storage.

2 m. On or about December 1998, pursuant to his agreement with PAUL
3 D. BEKINS, Russell J. Brown caused Caviada to "purchase" the Tacoma warehouse from
4 Bekins Moving and Storage with funds provided by PAUL D. BEKINS.

5 n. After the sale, PAUL D. BEKINS caused Bekins Moving and Storage
6 to lease the Tacoma warehouse from Caviada. PAUL D. BEKINS caused Bekins Moving
7 and Storage to pay Caviada \$92,400 in rental expenses for 1999.

8 o. Upon receipt of the rental payments, Russell J. Brown caused
9 Caviada to transfer nearly all of the monies to a Five Flags account. PAUL D. BEKINS
10 caused Five Flags to further transfer the monies to various Pearl Rim bank accounts in
11 New Jersey, Gibraltar, and Mexico.

12 p. Thus, PAUL D. BEKINS under reported his taxable income by
13 \$92,400 for the tax year 1999.

14 The Sale of the Everett Warehouse

15 q. In February 1999, PAUL D. BEKINS caused Bekins Moving and
16 Storage to sell a warehouse in Everett, Washington (hereinafter "the Everett warehouse"),
17 owned and operated by Bekins Moving and Storage to an otherwise unrelated party for
18 \$1,375,000.

19 r. PAUL D. BEKINS caused Bekins Moving and Storage to enter into
20 an option agreement with Starboard Reef that purported to give Russell J. Brown the right
21 to purchase the Everett warehouse at a set price, and provided that if Bekins Moving and
22 Storage did not do so, it would pay a pre-defined fee to Russell J. Brown. Again, PAUL
23 D. BEKINS knew that Russell J. Brown had no intention of purchasing and owning the
24 Everett warehouse. Instead, PAUL D. BEKINS used the option agreement as a vehicle to
25 evade federal income taxes on approximately \$959,200. In particular, the option
26 agreement created the impression that Bekins Moving and Storage paid Russell J. Brown
27 \$959,200 because it failed to sell the business to him at the agreed price, when in fact,
28 Brown was simply using the agreement to funnel these funds through Starboard Reef to

1 bank accounts controlled by PAUL D. BEKINS.

2 s. On February 8, 1999, PAUL D. BEKINS caused \$959,200 of the
3 proceeds from the sale of the Everett warehouse to be wired to a Starboard Reef bank
4 account. On February 22, 1999, Russell J. Brown caused Starboard Reef to transfer
5 \$605,000 to the Pearl Rim bank account at UBS PaineWebber in New Jersey, and
6 \$350,000 to a Pearl Rim bank account at Jyske Bank in Gibraltar.

7 t. As a result, PAUL D. BEKINS under reported his taxable income by
8 \$959,200 for the tax year 1999.

9 Management Fees

10 u. ITM provided PAUL D. BEKINS with Pre-Invoice Numbers
11 Calculation sheets (hereinafter "PINC sheets"). The purpose of PINC sheets was to allow
12 a Tower member, like PAUL D. BEKINS, to notify ITM how much income the member
13 wanted to divert in the form of fictitious management fees for the purpose of evading
14 federal income taxes.

15 v. PAUL D. BEKINS used PINC sheets to falsely reduce the taxable
16 income of Bekins Moving and Storage, and Bekius, by showing his corporations were
17 paying ITM management fees, when in fact, ITM provided no services to him or his
18 corporations, and he knew he had complete dominion and control over those funds and
19 thus that the management fees were available to be repatriated to him through various
20 foreign bank accounts. PAUL D. BEKINS reduced the taxable income of Bekins Moving
21 and Storage, and Bekius, by deducting the fictitious ITM management fees as business
22 expenses.

23 w. In order to support the tax deduction for ITM management fees,
24 PAUL D. BEKINS caused Bekins Moving and Storage, and Bekius to submit PINC sheets
25 to ITM so that ITM would then produce bogus invoices for management services that were
26 never provided.

27 x. In 1998, PAUL D. BEKINS caused Bekins Moving and Storage to
28 pay ITM \$35,750 in management fees. PAUL D. BEKINS caused Bekius to pay ITM

1 \$149,380.86 and \$3,200 in management fees for the tax years 1998 and 1999, respectively.

2 y. PAUL D. BEKINS knew the majority of the ITM management fee
3 payments were deposited, for his benefit, to the Pearl Rim bank account in the Turks and
4 Caicos Islands, British West Indies.

5 z. As a result, PAUL D. BEKINS understated his taxable income by
6 \$183,380.86 for the tax year 1998. In addition, Bekins overstated its business expense
7 deductions by \$149,380.86 and \$3,200 for each of the tax years 1998 and 1999,
8 respectively.

9 Concealment of Unreported Income

10 aa. PAUL D. BEKINS repatriated unreported income from Pearl Rim to
11 himself using a Five Flags bank account.

12 bb. In an attempt to conceal the repatriation of the unreported income,
13 PAUL D. BEKINS disguised the funds from Five Flags as loan proceeds.

14 cc. In 1998, PAUL D. BEKINS repatriated a total of \$1,880,000:
15 \$300,000 to the Bekins Moving and Storage bank account at Key Bank, and \$1,580,000 to
16 himself. PAUL D. BEKINS caused Five Flags to transfer \$1,580,000 to his personal bank
17 account at Cascade Bank.

18 dd. In an attempt to legitimize these loans, PAUL D. BEKINS caused
19 Bekins Moving and Storage to make quarterly interest-only payments to Five Flags.
20 Bekins Moving and Storage paid \$18,000 a year in interest expenses to Five Flags in 1999.

21 ee. PAUL D. BEKINS also made quarterly interest-only payments to
22 Five Flags. PAUL D. Bekins paid \$96,150 in interest expenses to Five Flags in 1999.

23 ff. PAUL D. BEKINS caused Five Flags to transfer the monies
24 representing the interest expense payments to the Pearl Rim bank accounts at UBS
25 PaineWeber in New Jersey, the Jyske bank in Gibraltar, and a bank in Mexico.

26 gg. As a result, PAUL D. BEKINS under reported his taxable income by
27 \$18,000 for the tax year 1999, and overstated the interest expense deduction by \$59,519
28 for 1999.

1 Interest/Dividend Income in Pearl Rim Bank Account

2 hh. PAUL D. BEKINS willfully failed to report the interest and dividend
3 income earned in the Pearl Rim bank account at UBS PaineWebber in New Jersey for the
4 tax years 1998 and 1999.

5 ii. As a result, PAUL D. BEKINS under reported \$18,695.03 and
6 \$9,344.35 in interest income for 1998 and 1999, respectively. PAUL D. BEKINS also
7 under reported \$1,801.09 and \$279.45 in dividend income for 1998 and 1999, respectively.

8 9. Sentencing Factors. The parties agree and stipulate that the facts admitted
9 by Defendant in the Statement of Facts in this Plea Agreement support the application of
10 the following Sentencing Guidelines. Defendant expressly waives his right to have any of
11 these sentencing factors charged in the Information or determined by a jury beyond a
12 reasonable doubt.

13 a. A base offense level of nineteen (19), pursuant to USSG §§
14 2T1.1(a)(1) and 2T4.1; and

15 b. A two (2) point enhancement to Defendant's base offense level
16 because the offense involved sophisticated concealment pursuant to
17 USSG § 2T1.1(b)(2).

18 10. Cooperation.

19 a. Defendant shall cooperate completely and truthfully with law
20 enforcement authorities in the investigation and prosecution of other individuals involved
21 in criminal activity. Such cooperation shall include, but not be limited to, complete and
22 truthful statements to law enforcement officers, as well as complete and truthful testimony,
23 if called as a witness before a grand jury, or at any state or federal trial, retrial, or other
24 judicial proceedings. Defendant acknowledges that this obligation to cooperate shall
25 continue after Defendant has entered a guilty plea and sentence has been imposed, no
26 matter what sentence Defendant receives. Defendant's failure to do so may constitute a
27 breach of this Plea Agreement.

28 b. Defendant understands that the United States will tolerate no

1 | deception from him. If, in the estimation of the United States Attorney, information or
2 | testimony provided from the date of the Plea Agreement proves to be untruthful or
3 | incomplete in any way, regardless of whether the untruthfulness helps or hurts the United
4 | States' case, the United States Attorney for the Western District of Washington may
5 | consider that Defendant has breached this Plea Agreement.

6 | c. The United States Attorney's Office for the Western District of
7 | Washington, in turn, agrees not to prosecute Defendant for any other offenses that
8 | Defendant may have committed in the Western District of Washington prior to the date of
9 | this Plea Agreement about which the Government presently possesses information, or
10 | about which Defendant provides information pursuant to this Plea Agreement to cooperate
11 | with the authorities.

12 | d. The parties agree that information provided by Defendant in
13 | connection with this Plea Agreement shall not be used to determine Defendant's sentence,
14 | except to the extent described in USSG § 1B1.8.

15 | e. In exchange for Defendant's cooperation, as described above, and
16 | conditioned upon Defendant's fulfillment of all the conditions of this Plea Agreement, the
17 | United States Attorney agrees to consider filing a motion pursuant to Section 5K1.1 of the
18 | United States Sentencing Guidelines, or a memorandum recommending that the Court
19 | sentence Defendant to a sentence that reflects Defendant's cooperation. Defendant
20 | understands that in the event the United States Attorney files such a sentencing
21 | recommendation, that recommendation will be based on consideration of factors and
22 | provisions set forth in the United States Sentencing Guidelines.

23 | f. Defendant agrees that his sentencing date may be delayed based on
24 | the United States' need for his continued cooperation, and agrees not to object to any
25 | continuances of his sentencing date sought by the United States.

26 | 11. Acceptance of Responsibility. The United States acknowledges that
27 | Defendant has assisted the United States by timely notifying the authorities of his intention
28 | to plead guilty, thereby permitting the United States to avoid preparing for trial and

1 permitting the Court to allocate its resources efficiently. If at the time of sentencing, the
2 United States remains satisfied that Defendant has accepted responsibility, then it will
3 recommend a sentence that takes this acceptance of responsibility into consideration.
4 Defendant understands and agrees that the United States will base its recommendation on
5 factors set forth in the United States Sentencing Guidelines, including Section 3E1.1.

6 12. Post Plea Conduct. Defendant understands that the terms of this Plea
7 Agreement apply only to conduct that occurred prior to the execution of this Agreement.
8 If, after the date of this Agreement, Defendant should engage in illegal conduct, or
9 conduct that is in violation of his conditions of release (examples of which include, but are
10 not limited to: obstruction of justice, failure to appear for a court proceeding, criminal
11 conduct while pending sentencing, and false statements to law enforcement agents, the
12 Pretrial Services Officer, Probation Officer or Court), the United States is free under this
13 Agreement to seek a sentence that takes such conduct into consideration. Such a sentence
14 could include, to the extent the United States Sentencing Guidelines are applicable, a
15 sentencing enhancement or upward departure.

16 13. Voluntariness of Plea. Defendant acknowledges that he has entered into this
17 Plea Agreement freely and voluntarily, and that no threats or promises, other than the
18 promises contained in this Plea Agreement, were made to induce Defendant to enter this
19 plea of guilty.

20 14. Breach and Waiver. Defendant understands and agrees that if Defendant
21 breaches the Plea Agreement, Defendant may be prosecuted and sentenced for all of the
22 offenses Defendant may have committed. Defendant agrees that if Defendant breaches
23 this Plea Agreement, the United States Attorney reserves the right to take whatever steps
24 are necessary to nullify the Plea Agreement, including the filing of a motion to withdraw
25 from the Plea Agreement and/or to set aside the conviction and sentence. Defendant also
26 agrees that if he is in breach of this Plea Agreement, Defendant is deemed to have waived
27 objection to the reinstitution of any charges under the Information that may not have been
28 previously prosecuted. Defendant further agrees that if he is in breach of this Plea

1 Agreement, Defendant also is deemed to have waived objection to the filing of any
2 additional charges against him.

3 15. Statute of Limitations. In the event that this Plea Agreement is not accepted
4 by the Court for any reason, or Defendant has breached any of the terms of this Plea
5 Agreement, the statute of limitations shall be deemed to have been tolled from the date of
6 the Plea Agreement to: (1) 30 days following the date of non-acceptance of the Plea
7 Agreement by the Court; or (2) 30 days following the date on which a breach of the Plea
8 Agreement by Defendant is discovered by the United States Attorney's Office.


9 16. Sentencing Guidelines — Tax Loss. The United States and Defendant
10 stipulate and agree that the correct amount of tax loss for purposes of sentencing is more
11 than nine hundred and fifty thousand dollars (\$950,000), but less than one and one-half
12 million dollars (\$1,500,000), and Defendant agrees that he expressly waives any right to
13 have this stipulated tax loss determined by a jury beyond a reasonable doubt. Defendant
14 understands that this Plea Agreement does not preclude the Internal Revenue Service from
15 assessing and determining any additional civil tax, penalties, and /or interest that may be
16 owed by Defendant. In addition, Defendant understands that he is required to pay costs of
17 prosecution.

18 17. Tax Liabilities. Defendant admits that he is liable for the fraud penalty
19 imposed by Title 26, United States Code, Section 6663 for tax years 1998 and 1999, for
20 his willful failure to report all of his taxable income on his 1998 and 1999 federal income
21 tax returns. Defendant further agrees to cooperate with the Internal Revenue Service in
22 resolving his civil tax liabilities and any civil tax liabilities of Bekins Moving and Storage,
23 and Bekius.


24 18. Completeness of Plea Agreement. The United States and Defendant
25 acknowledge that these terms constitute the entire Plea Agreement between the parties.
26 This Plea Agreement only binds the United States Attorney's Office for the Western
27 District of Washington and the Department of Justice Tax Division. It does not bind any
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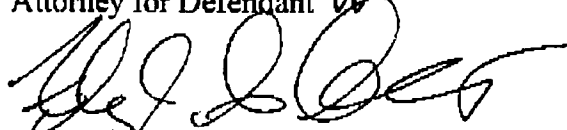
1 other United States Attorney's Office or any other office or agency of the United States, or
2 any state or local prosecutor.

3 DATED this 30th day of September, 2004.

4
5 
6 PAUL D. BEKINS
Defendant

7
8 
9 DAN R. DUBITZKY
Attorney for Defendant

10
11 
12 DARRELL D. HALLETT
Attorney for Defendant

13
14 
15 FLOYD G. SHORT
Assistant United States Attorney

16
17 
18 ROBERT WESTINGHOUSE
Assistant United States Attorney

19
20 
21 ANN F. HAYES
Assistant United States Attorney